

AR40

The Goderich Elevator & Transit Company Limited

To The Shareholders:

The profit figure reported on the accompanying statement is not disappointing in that at \$82,360 or .98c per share, it exceeds the average of the past five years. It does not measure up to 1971 in which there was a slightly better return on operations and an extraordinary gain on sale of investments of \$63,015 or .75c per share. We are referring to the six months period ending September 30th and would remind shareholders that because of the seasonal variations in this business these figures do not represent an annual rate of profit.

There were no major outlays of capital: the anticipated expenditures for air pollution control equipment mentioned in other statements, while imminent, have not yet been encountered.

We expect our grain handling for the year to be down approximately 1½ to 2 million bushels from the average of the past few years and this has occurred during these first six months.

Prospects for the remainder of the season appear bright and all space in the Elevators and barges is booked to capacity.

Respectfully yours,

G. G. Parsons,
President and Managing Director.

Goderich, Ontario
October 18, 1972

SOURCE AND APPLICATION OF FUNDS

Six months ended September 30

SOURCE OF FUNDS

Net profit for the period
Depreciation of properties
(not a cash outlay)

	1972	1971
\$ 82,360		\$ 154,330
27,925		27,650
	110,285	181,980

APPLICATION OF FUNDS

Dividends paid shareholders
Additions to fixed assets

84,166	89,498	42,083	43,878
5,332		1,795	

INCREASE IN WORKING CAPITAL

WORKING CAPITAL AT BEGINNING OF YEAR

20,787	910,070	138,102	759,419
--------	---------	---------	---------

WORKING CAPITAL AT SEPTEMBER 30

930,857	897,521
---------	---------

Corp report

^{1/}
INTERIM STATEMENT OF INCOME
Six months ended September 30th

	<u>1972</u>		<u>1971</u>	
	^{2/}	^{3/}	^{2/}	^{3/}
	Basic earnings per share		Basic earnings per share	
REVENUE from elevation, storage, shovelling and other charges	\$ 342,630		\$ 393,310	
EXPENSES:				
Operating expenses —				
Wages of superintendents, weighmen, etc.	89,455		100,045	
Municipal taxes	23,200		23,250	
Supplies, repairs and maintenance ..	21,250		23,435	
Power, water and light	10,540		12,500	
Insurance, & elevator bond premiums	9,775		7,215	
Insurance on grain in storage	3,775		3,010	
Employees' pension plan	2,720		2,285	
Depreciation of properties	27,925		27,650	
Administration expenses —				
Management and office salaries	20,665		18,475	
Directors' fees	4,250		4,335	
Office expenses, employee benefits, travelling, donations, etc.	16,515	\$ 230,070	20,145	\$ 242,345
Income from operations	112,560	\$1.34	150,965	\$1.79
Investment income	20,350	.24	17,970	.21
Income for period before taxes on income and extraordinary item	132,910	1.58	168,935	2.01
Taxes on income	50,550		77,620	
Income for period before extraordinary item	82,360	.98	91,315	1.08
Extraordinary item:				
Gain on sale of investments	-	-	63,015	
Net income for period	82,360	.98	154,330	1.83
Dividend paid in the period	84,166	1.00	42,083	.50

NOTES 1/ A consolidated statement for 1972 - including a subsidiary company.

2/ "Since there are no senior shares or debt which may be converted to common shares and no rights, warrants or options outstanding, fully diluted earnings per share is not applicable."

3/ Based on 84,166 shares.